

ARBITRATION AGREEMENT

This AGREEMENT is attached to and expressly made a part of that certain Retail Installment Sales Contract (“Contract”) pertaining to the sale of a motor vehicle more particularly described below:

<u>Date of Contract</u>	<u>Seller/Dealer Name</u>	<u>Buyer</u>
<u>Vehicle Description and Identification Number</u>		<u>Co-Buyer</u>

PLEASE REVIEW - IMPORTANT - AFFECTS YOUR LEGAL RIGHTS

1. EITHER YOU OR WE MAY CHOOSE TO HAVE ANY DISPUTE BETWEEN US DECIDED BY ARBITRATION AND NOT IN COURT OR BY JURY TRIAL.
2. **CLASS ACTION WAIVER: IF A DISPUTE IS ARBITRATED, YOU WILL GIVE UP YOUR RIGHT TO PARTICIPATE AS A CLASS REPRESENTATIVE OR CLASS MEMBER OR PRIVATE ATTORNEY GENERAL IN COURT OR IN ARBITRATION ON ANY CLASS OR REPRESENTATIVE CLAIM YOU MAY HAVE AGAINST US INCLUDING ANY RIGHT TO CLASS ARBITRATION OR ANY CONSOLIDATION OF INDIVIDUAL ARBITRATIONS, AND THE ARBITRATOR SHALL NOT HAVE THE AUTHORITY TO RESOLVE ANY CLAIM ON A CLASS OR REPRESENTATIVE BASIS.** (Provided, however, that the Class Action Waiver does not apply to any lawsuit or administrative proceeding filed against us by a state or federal government agency even when such agency is seeking relief on behalf of a class of borrowers including you. This means that we will not have the right to compel arbitration of any claim brought by such an agency.)
3. DISCOVERY AND RIGHTS TO APPEAL IN ARBITRATION ARE GENERALLY MORE LIMITED THAN IN A LAWSUIT AND OTHER RIGHTS THAT YOU AND WE WOULD HAVE IN COURT MAY NOT BE AVAILABLE IN ARBITRATION.
4. **RIGHT TO REJECT. You may reject this Arbitration Agreement without penalty. To do so, you must send Friendly Finance Corporation, 6340 Security Blvd., Suite 200, Baltimore MD 21207 a signed writing (“Rejection Notice”) that is received within thirty (30) days after the date you receive this Arbitration Agreement. The Rejection Notice must identify the transaction involved, must include your name, address, and social security number and must be signed by all persons contractually obligated on your account. The Rejection Notice must be sent by certified mail, return receipt requested. No other methods can be used to reject the Arbitration Agreement. Upon receipt of a rejection notice, we will credit your account for the standard cost of a certified letter. If the Rejection Notice is sent on your behalf by a third party, such third party must include evidence of his or her authority to submit the Rejection Notice on your behalf.**

In this Arbitration Agreement, “you” refers to the buyer(s) signing below. “We,” “us,” and “our” refer to the Seller/Dealer signing below and anyone to whom the Seller/Dealer assigns this Arbitration Agreement.

Unless you have exercised your right to reject this Arbitration Agreement pursuant to paragraph 4 above, any claim, dispute or controversy, whether in contract, tort, equity, statute, constitution or otherwise and whether preexisting, present or future, including initial claims, counterclaims, cross-claims and third party claims (any of the foregoing, a “Claim”), between you and us or our employees, officers, directors, parents, subsidiaries, affiliates, successors or assigns, which arises out of or relates to your credit application, purchase or condition of this vehicle, your purchase or financing contract or any resulting transaction or relationship (including any such relationship with third parties who do not sign your purchase or financing contract if you assert a Claim against such third party in connection with a Claim you assert against us) shall, at your or our election, be resolved by neutral, binding arbitration and not by a court action.

“Claim” does not include any dispute or controversy about the validity, enforceability, coverage or scope of this Arbitration Agreement or any part thereof (including, without limitation, the Class Action Waiver in paragraph 2 above, the last sentence of the next-to-last paragraph of this Arbitration Agreement and/or this sentence); all such disputes or controversies are for a court and not an arbitrator to decide. However, any dispute or controversy that concerns the validity or enforceability of the Contract as a whole is for the arbitrator, not a court, to decide. Any claim or dispute is to be arbitrated by a single arbitrator on an individual basis and not as a class action. You expressly waive any right you may have to arbitrate a class action as set forth in the Class Action Waiver in paragraph 2 above.

If you or we elect to arbitrate a claim, the electing party must notify the other party in writing. This notice can be given after the beginning of a lawsuit and can be given in papers filed in the lawsuit. Otherwise, your notice must be sent to **Friendly Finance Corporation, 6340 Security Blvd., Suite 200, Baltimore MD 21207** and our notice must be sent to the most recent address for you in our files. The party seeking arbitration must select as the arbitration administrator either the American Arbitration Association (“AAA”), 1633 Broadway, 10th Floor, New York, NY 10019, www.adr.org, (800) 778-7879, or JAMS, 620 Eighth Avenue, 34th Floor, New York, NY 10018, www.jamsadr.com, (800) 352-5267. If a party files a lawsuit in court asserting Claim(s) that are subject to arbitration and the other party files a motion to compel arbitration with the court which is granted, it will be the responsibility of the party prosecuting the Claim(s) to commence the arbitration proceeding. If neither the AAA nor JAMS is able or willing to handle the dispute, then the court will appoint an

arbitrator. The rules and forms of the AAA and JAMS may be obtained by writing to these organizations at the addresses listed above. The arbitrator will not be bound by judicial rules of procedure and evidence that would apply in a court, nor by state or local laws that relate to arbitration proceedings. The arbitrator will honor statutes of limitation and claims of privilege recognized under applicable law.

Arbitrators shall be attorneys with at least 10 years of experience or retired judges and shall be selected pursuant to the applicable rules. Any arbitration under this Arbitration Agreement shall be governed by the Federal Arbitration Act ("FAA"), 9 U.S.C. § 1 et. seq., and not by any state law concerning arbitration. In making decisions or awarding remedies, the arbitrator shall apply governing substantive law, consistent with the FAA, that would apply if the matter had been brought in court. The arbitrator may award any damages or other relief or remedies permitted by applicable law. The arbitrator shall write a brief explanation of the grounds for the decision. The arbitration hearing shall be conducted in the federal district in which you reside unless the seller of the vehicle is a party to the claim or dispute, in which case the hearing will be held in the federal district where this Arbitration Agreement was executed.

At your written request, we will pay all filing, hearing and/or other fees charged by the administrator and arbitrator to you for Claim(s) asserted by you in arbitration after you have paid an amount equivalent to the fee, if any, for filing such Claim(s) in state or federal court (whichever is less) in the judicial district in which you reside. (If you have already paid a filing fee for asserting the Claim(s) in court, you will not be required to pay that amount again). In addition, the administrator may have a procedure whereby you can seek a waiver of fees charged to you by the administrator and arbitrator. We will always pay any fees or expenses that we are required to pay by law or the administrator's rules or that we are required to pay for this arbitration agreement to be enforced. The arbitrator will have the authority to award attorneys' and expert witness fees and costs to the extent permitted by this Contract, the administrator's rules or applicable law. The arbitrator will always award you reasonable attorneys' and expert witness fees and costs (a) if and to the extent you prevail on Claims you assert against us in an arbitration commenced by you and (b) to the extent required under applicable law for this arbitration agreement to be enforced.

If the chosen arbitration organization's rules or the other provisions of this Contract (including any other arbitration agreement in this Contract) conflict with this Arbitration Agreement, then the provisions of this Arbitration Agreement shall control. The arbitrator's award shall be final and binding on all parties, except for any right of appeal provided by the FAA. However, if the amount of the Claim exceeds \$50,000 or involves a request for injunctive or declaratory relief that could foreseeably involve a cost or benefit to either party exceeding \$50,000, any party can, within 30 days after the entry of the award by the arbitrator, appeal the award to a three-arbitrator panel administered by the Administrator. The panel shall reconsider anew any aspect of the initial award requested by the appealing party. The decision of the panel shall be by majority vote. Reference in this arbitration provision to "the arbitrator" shall mean the panel if an appeal of the arbitrator's decision has been taken. The costs of such an appeal will be borne in accordance with the preceding portions of this Arbitration Agreement concerning arbitration costs. Any final decision of the appeal panel is subject to judicial review only as provided under the FAA.

You and we retain any rights to self-help remedies, such as repossession. Any individual action in court by one party that is limited to preventing the other party from using a self-help remedy and that does not involve a request for damages or monetary relief of any kind will not be subject to arbitration. You and we retain the right to seek remedies in small claims court for disputes or claims within that court's jurisdiction, unless such action is transferred, removed or appealed to a different court. Neither you nor we waive the right to arbitrate by using self-help remedies or filing suit. Any court having jurisdiction may enter judgment on the arbitrator's award. This Arbitration Agreement shall survive any termination, payoff or transfer of your financing contract. If any part of this Arbitration Agreement, other than the Class Action Waiver, is deemed or found to be unenforceable for any reason, the remainder shall remain enforceable. If the Class Action Waiver is deemed or found to be unenforceable for any reason, the remainder of this Arbitration Agreement shall be unenforceable, subject to the right to appeal the limitation or invalidation of the Class Action Waiver.

Prior to initiating a Claim, you may give us a written Claim Notice describing the basis of your Claim and the amount you would accept in resolution of the Claim, and a reasonable opportunity, not less than 30 days, to resolve the Claim. Such a Claim Notice must be sent to us by certified mail, return receipt requested, at **Friendly Finance Corporation, 6340 Security Blvd., Suite 200, Baltimore MD 21207**. This is the sole and only method by which you can submit a Claim Notice. Upon receipt of a Claim Notice, we will credit your account for the standard cost of a certified letter. If (i) you submit a Claim Notice in accordance with this paragraph on your own behalf (and not on behalf of any other party); (ii) you cooperate with us by promptly providing the information we reasonably request; (iii) we refuse to provide you with the relief you request; and (iv) the matter then proceeds to arbitration and the arbitrator subsequently determines that you were entitled to such relief (or greater relief), you will be entitled to a minimum award of at least \$7,500 (not including any arbitration fees and attorneys' fees and costs to which you will also be entitled). We encourage you to address all Claims you have in a single Claim Notice and/or a single arbitration. Accordingly, this \$7,500 minimum award is a single award that applies to all Claims you have asserted or could have asserted in the arbitration, and multiple awards of \$7,500 are not contemplated.

This AGREEMENT is void in all cases where an Arbitration Clause or Agreement is contained in the body of Contract.

_____	_____	_____	_____
Buyer Signature	Date	Co-Buyer Signature	Date
_____	_____		
Seller/Dealer Name (Print Name)	Date		
By: _____	_____		
Seller/Dealer Representative Signature	Date		